

Employer-Assisted Housing

An Investment That Pays Many Times Over



Jobs-Housing Mismatch

Problem

Metro Chicago jobs and population are growing at a faster rate than the supply of workforce housing.

Issue

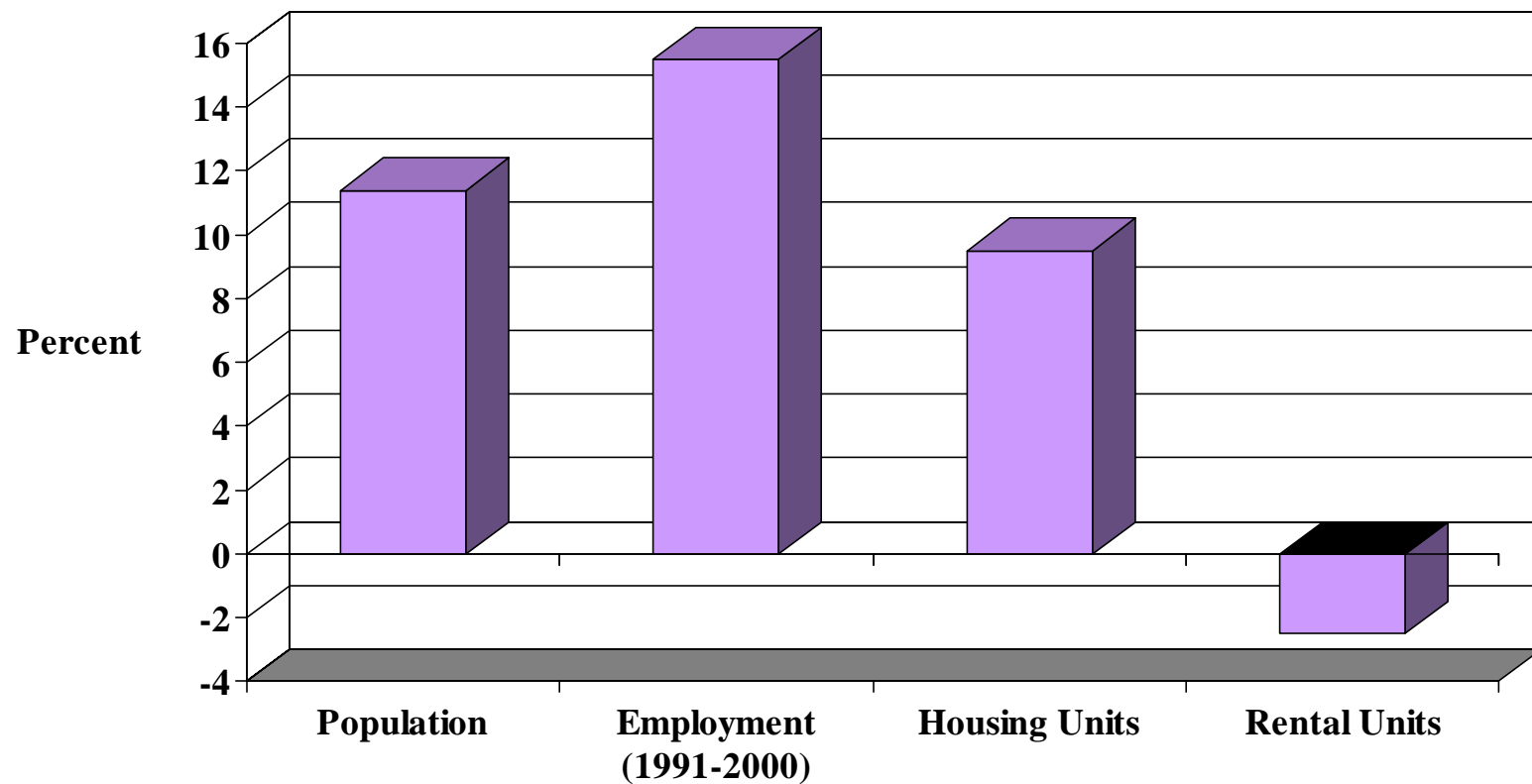
Workforce problems result from this 'Jobs-Housing Mismatch'.

Solution

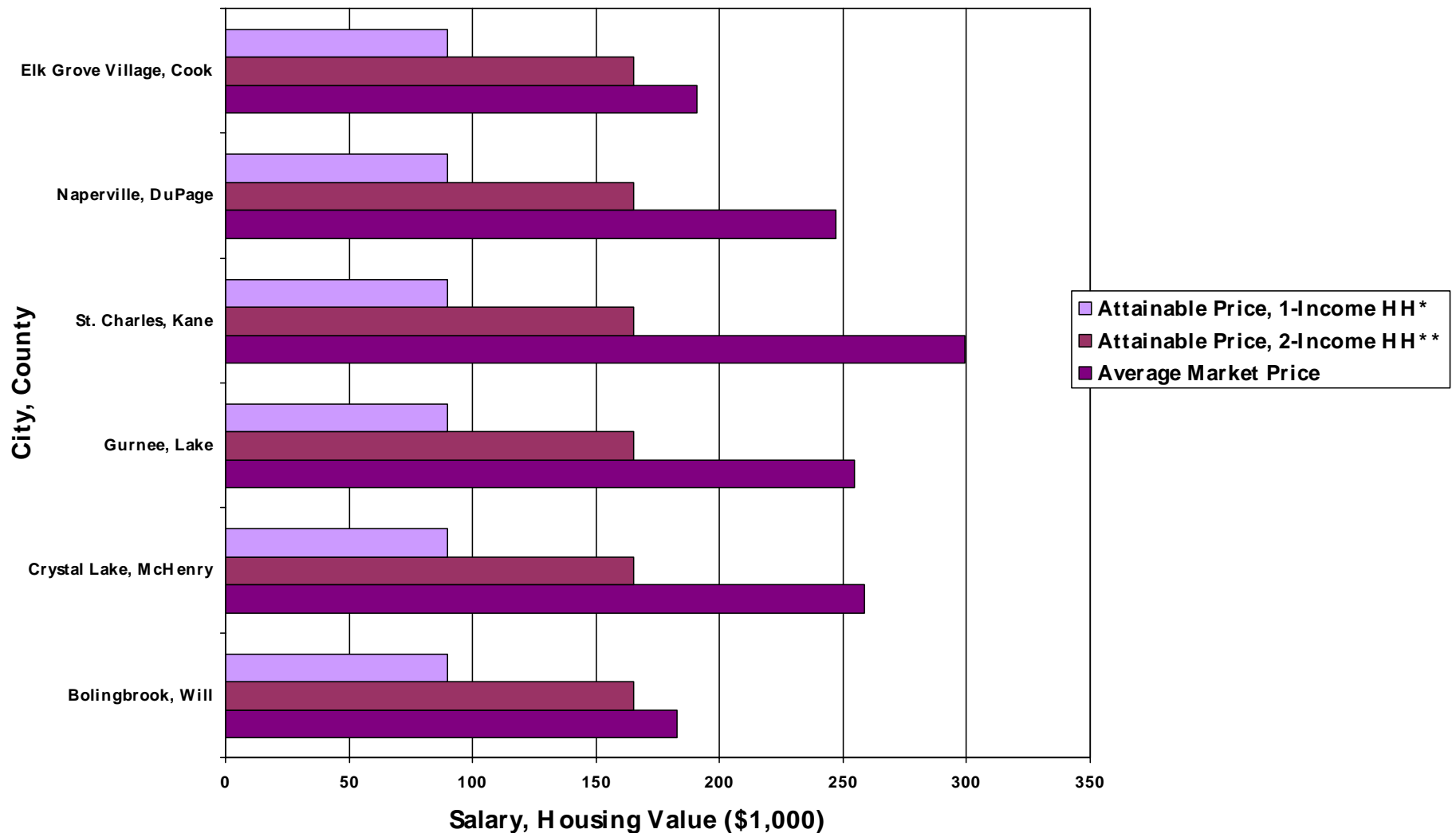
Employer-Assisted Housing (EAH) – Maximize employee retention by implementing this outsourced, easy-to-administer employee benefit.

Population and employment are growing faster than available housing units.

Chicago Region Growth Trends 1990-2000



An employee cannot afford typical housing near where he works.



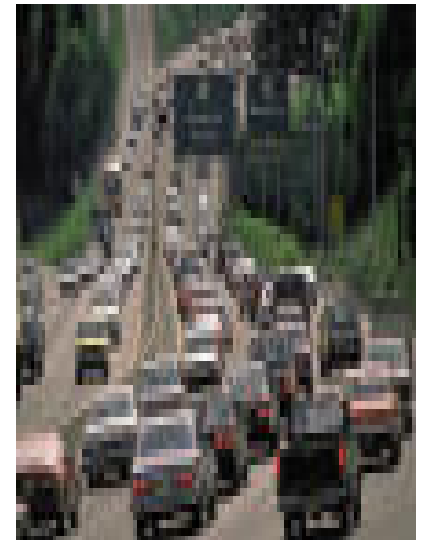
* Database Admin. @15.69/hr

** Medical Assistant @\$9.79/hr and Database Admin. @15.69/hr

Housing contributes to workforce problems.

What happens when workers have lengthy commutes?

- Traffic congestion. Average commute time has increased 10% in a decade. Employees waste approximately one extra workweek per year sitting in traffic.
- Consequences:
 - Employee stress
 - Morale problems
 - Tardiness
 - Absenteeism
 - Turnover
 - Recruitment costs



Employer-Assisted Housing helps you reduce employee turnover.

EAH is an employer-provided, easy-to-administer benefit that helps employees buy or rent a home closer to work.

Each EAH plan is different, customized to meet the needs and circumstances of the employer.

An EAH program could include:

- Counseling about housing choices and financing
- Direct financial help with closing costs and mortgage payments
- Rental housing assistance
- A real estate investment
- An Individual Development Account (IDA) or other savings program
- A combination of the above

Housing can address workforce problems.

Wall Street Journal (3/4/03): Buying Aid Boosts Workers' Loyalty

Home-

Why on earth would employers – not under any immediate threat of losing people – voluntarily give workers money to make a down payment on a house?

The answer, of course, is that loose labor markets don't last forever. And a small but growing movement called employer-assisted housing aims to tie workers to their employers with the many benefits, both financial and psychological, of homeownership.

USA TODAY (8/29/04): More Firms Help Workers Find Home Sweet Home

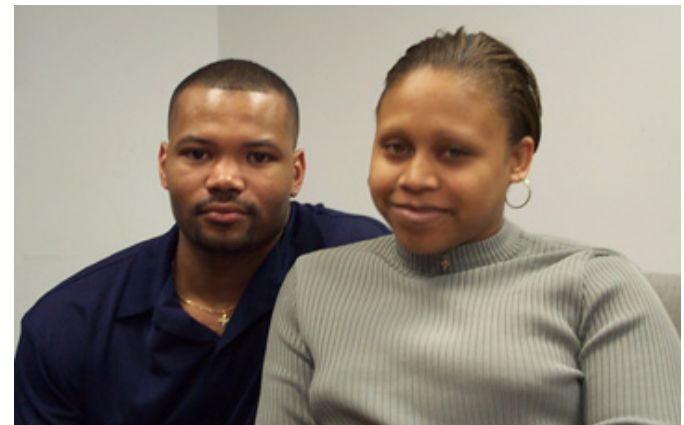
Soaring housing costs mean more workers are unable to afford homes in the areas where they work, a problem that has major repercussions for employers trying to recruit and retain workers in hot housing markets. So more employers are offering housing benefits such as grants and loans — in some cases, even building homes their employees can afford.

EAH is a win for everyone.

Why Employer-Assisted Housing?

EAH is a ...

- Win for the EMPLOYEE
- Win for the COMMUNITY
- Win for the EMPLOYER



Your company can benefit from EAH.

EAH Benefits to Employer

- Improved employee retention
- Reduced recruitment and training costs
- A benefits package with a competitive edge
- Subsidized assistance for relocating employees
- Reduced commutes, stress and absenteeism for your staff
- State and federal tax benefits
- Leveraged state assistance for your employees

Your employees can benefit from EAH.

EAH Benefits to Your Employees

- For homebuyers, provide down payment and closing cost assistance
- For renters, provide rental subsidy, security deposit and/or savings account to promote homeownership
- Help resolve poor credit history
- Enable employees to live closer to work (reducing stressful commutes)
- Make employees invested members of the local community



EAH provides tax benefits and financial incentives.

State Matching Funds

- State match of \$1 for each \$1 of down payment/closing cost assistance provided to an employee – \$268,000 available through MPC and REACH partners for northeastern Illinois pilot
- Reimbursement of some counseling costs for successful home purchases by employees
- Participating buyers' income restricted to 80% Area Median Income – approximately \$56,500 (for a family of four)

Federal Tax Benefits

- Federal tax benefit for contributing to non-profit organization

State Income Tax Credits

- 50 cent tax credit for \$1 invested in EAH, for both rental and homeownership models
- Up to \$2 million in tax credits available per year for five years
- Credit is “transferable” if donating entity does not have tax liability

Who are We?

MPC

- The Metropolitan Planning Council is a 68 year old independent, non-profit, civic organization working in the public interest to achieve policies that enhance the vitality and livability of the Chicago region.

REACH

- The Regional Employer Assisted Collaboration for Housing includes MPC and eight non-profit housing counseling organizations throughout Metro Chicago.

The REACH Model

1. Simple, hassle-free program for the employer
2. Nonprofit partner administers the program, counsels employees
3. MPC leverages funding, spearheads evaluations, publicity

History of EAH Success

Participating Companies

- Advocate Bethany Hospital, Chicago
- Allstate
- Bank One
- Chroma Corporation, McHenry
- Chicago Public Schools
- City of Evanston
- City of North Chicago
- City of St. Charles
- Draper and Kramer
- First Midwest Bank
- Illinois Institute of Technology
- Medela Corporation, McHenry
- National Interfaith Committee for Worker Justice, Chicago
- Northwest Community Healthcare, Arlington Heights
- Robinson Engineering
- Rosenthal Brothers, Deerfield
- Sinai Health Systems, Chicago
- Seaquist Perfect, Crystal Lake
- System Sensor, St. Charles
- St. James Hospital
- University of Chicago
- Village of Riverdale

How to Implement EAH at Your Company

MPC and REACH Partners help you every step of the way.



How to Implement EAH at Your Company

Employer Role

- Identifies targeted population and approximate budget
- Provides small grants to employees or local loan pool for housing assistance
- Contracts with non-profits for technical assistance, education and counseling services and evaluation services

MPC Role

- Provides assistance in program design and resource development
- Coordinates program evaluation
- Facilitates outreach to companies and partnership development
- Assists in marketing and publicity

REACH Partner Role

- Administers the EAH program
- Provides credit counseling and housing education to employees
- Connects buyers and renters with financing products, financial institutions and realtors
- Applies for and administers state tax credits

Financial Partners Role

- May offer special loan products or other incentives for you and your employees
- Provide program support for REACH partners

An investment of \$1,000-5,000/employee pays for itself within 1 year.

Employer-Assisted Housing Model

Employer Investment

Housing assistance: 20 people at \$2,500 each \$50,000

Outsourced program administration, counseling, evaluation, etc.: 60-80 people counseled and 20 closings \$20,000

Total Employer Investment \$70,000

Tax Benefits

State tax credit (50 percent of \$70,000) \$35,000

Federal tax deduction (based on 38 percent tax bracket) \$13,300

Total Tax Credits \$48,300

Employer Net Cost \$21,700

Employer Potential Savings (estimate based in reduced turnover) \$100,000

Additional State Incentives for Homeownership

IHDA match (down payment): 20 people at \$2,500 each \$50,000

IHDA counseling funds (for successful buyers only) \$17,000

Total Leverage \$67,000

Get Started Today

Summary of Employer Assisted Housing Programs											
		2000		2001		2002		2003		2000–2003	
Employer	REACH Partner	Employees Enrolled	New Homeowners	Employees Enrolled	New Homeowners	Employees Enrolled	New Homeowners	Employees Enrolled	New Homeowners	Employees Enrolled	New Homeowners
System Sensor	Joseph	50	16	24	18	0	1	26	10	100	45
Bank One	All					14	12	8	10	22	22
Northwest Community Healthcare	NWHP					31	4	35	9	66	13
Advocate Bethany Hospital	NHS					3	0	7	3	10	3
Village of Riverdale	RRC					2	0	5	2	7	2
City of St. Charles	Joseph							3	2	3	2
University of Chicago and University of Chicago Hospitals*	NHS							131	36	131	36
Sequist Perfect	CAHMC0							7	2	7	2
Medela Corporation	CAHMC0							7	1	7	1
National Interfaith Committee for Worker Justice	NHS							3	0	3	0
City of Evanston	HODC							9	0	9	0
First Midwest Bank	All							0	8	8	8
Allstate Corporation	AHC							22	0	22	0
City of North Chicago	AHC							5	1	5	1
Robinson Engineering	RRC							6	2	6	2
Rosenthal Brothers	AHC							2	1	2	1
Total		50	16	24	18	50	17	276	87	408	138

* University of Chicago 2003 numbers include January 2004.

The Evolution of the REACH Strategy in Metropolitan Chicago

1998

MPC published *Housing for a Competitive Workforce: Homeownership Models that Work*, summarizing best practices on EAH from around the country.

MPC hosted a tour for local leaders from Chicago to see the achievements of the Silicon Valley Manufacturing Group (San Jose, California), an EAH model featured

in the above publication.

1999

MPC tailored the REACH model, a simple homeownership strategy that was intentionally hassle-free for the employer. One of the eight community-based housing experts administered the EAH programs for employers and counseled employees, while MPC worked to leverage additional funding sources, and spearheaded evaluations and public education.

The Evolution of the REACH Strategy in Metropolitan Chicago

2000

King Harris, formerly CEO of Pittway Corporation, launched a pilot EAH program with MPC and the Joseph Corporation (the local REACH partner) at System Sensor, a manufacturing plant in St. Charles employing nearly 1,000 people. In addition to contracting with these two nonprofits, the company provided \$5,000 in down payment assistance to 16 employees to buy

homes closer to work. In addition to recouping that investment, the program saved the company approximately \$100,000.

2001

MPC and King Harris introduced media and policymakers to the successful System Sensor program. The Illinois Housing Development Authority (IHDA) approved a pool of matching funds for EAH to assist income-eligible homebuyers whose employers work with REACH and

are based in northeastern Illinois. The matching funds provided a dollar-for-dollar match, up to \$5,000, to the employer assistance provided. REACH received a BP Leaders Award of \$100,000 that was used to provide capacity building grants to the nonprofit partners involved with REACH. Five new employers signed on to work with REACH partners.

The Evolution of the REACH Strategy in Metropolitan Chicago

2002

The Illinois Affordable Housing Tax Credit (IAHTC) program became available, enabling employers investing in EAH to receive a \$0.50 credit toward their state income tax for every dollar in cash, land or property donated to EAH.

Five additional employers “signed on” to work with REACH partners and four employers “launched” programs.

Pittway Corporation is sold to Honeywell, which temporarily suspended its participation in the EAH program.

The Metropolitan Mayors Caucus adopted a Housing Action Agenda that included EAH as a strategy to leverage private sector engagement.

Employers and mayors testified at Illinois legislative housing hearings on the need for more state leadership and support for housing issues.

The Evolution of the REACH Strategy in Metropolitan Chicago

2003

Eleven new employers “signed on” to work with REACH partners, bringing the total number to 22 employers. Fifteen EAH programs were up and running.

Honeywell reinstated an EAH program after analyzing bottom line savings.

Fannie Mae Corporation strengthened its local role in administering EAH.

MPC unveiled a new EAH model—that supported the Chicago Housing Authority’s Plan for Transformation (including both rental and homeownership opportunities).

Governor signed an Executive Order creating the State’s first housing policy and underscoring the value of affordable housing near jobs and transportation.

The state began exploring how to grow the metropolitan Chicago EAH pilot program into a statewide initiative.

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